various Indian and foreign institutional investors using Mauritius as a conduit at the cost of revenue in India; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) No, Sir. There is, at present, no proposal to review the Indo-Mauritius Double Taxation Avoidance Convention (DTAC). The tax benefits being availed by foreign institutional investors of Mauritius are not one-sided but available to residents of both the countries as per the provision of Indo-Mauritius DTAC which is a bilateral agreement. Steps have already been taken to ensure effective exchange of information to prevent its abuse.

Accounting systems to ascertain FDI inflow

1401. SHRI S. VIDUTHALAI VIRUMBI:
SHRI C.P. THIRUNAVUKKARASU:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that accounting system to find out FDI inflow in India is different from the usual practice of other countries; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) Yes, Sir.

(b) As per the methodological standards for computation of Foreign Direct Investment (FDI) set by the International Monetary Fund (IMF), FDI includes equity capital, reinvested earnings and intra-company transactions. In India the definition of FDI has traditionally been confined to the capital component only. Government of India has initiated steps for adoption of international methodological standards for compilation of FDI statistics. Thiswill reflect FDI status in India better and facilitate intercountry comparisons.

SEBI norms on pricing of public offers

1402. SHRI BHAGATRAM MANHAR:
SHRI RAJU PARMAR:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government have sought a review of new SEBI norms on pricing of public offers under the strategic sale rule of PSUs;

(b) if so, the details of the review sought by Government from SEBI; and

(c) what are the reasons for seeking such a review that will adversely affect the prospective buyers?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Pursuant to the recommendations of the Justice P.N. Bhagwati Committee, the Securities and Exchange Board of India (SEBI) made certain amendments to the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 on September 9, 2002. One of the amendments include the parameter of average of the daily high and low of the prices of the shares during the two weeks for determination of the offer price. The Ministry of Disinvestment requested SEBI to exempt open offers made pursuant to disinvestment of listed public sector undertakings, from the applicability of this additional parameter.

(c) The reasons cited by the Ministry of Disinvestment include the possibility of unwarranted speculation as a result of the new two-week criterion; adverse effect on the bid price since the date of opening of the bid is known in advance; possibility of influencing share prices even with fairly limited investments as most PSU stocks are not actively traded etc.

Restrictions on withdrawal in Nedungadi Bank

1403. SHRI N.K. PREMACHANDRAN: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Government are aware that the customers of Nedungadi Bank are experiencing difficulties due to the restriction imposed on withdrawal;

(b) whether Government propose to initiate appropriate steps to safeguard the interest of depositors by lifting the restrictions on withdrawal;

(c) whether any decision is arrived at for the amalgamation of Nedungadi Bank with other nationalised bank;

(d) whether Government propose to initiate any enquiry on the matter which led to the collapse of the bank; and

(e) if so, the Government's reaction thereto?